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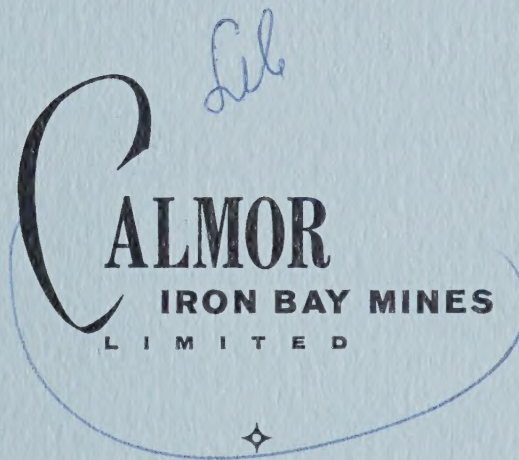
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INTERIM

report

FOR THE SIX MONTHS

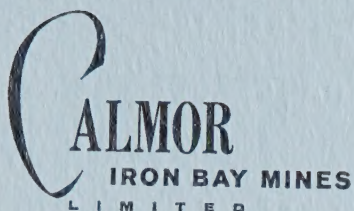
ENDED JUNE 30, 1968



HEAD OFFICE

SUITE 1000, MONTREAL TRUST TOWER
11 KING STREET WEST, TORONTO, ONT.





INTERIM REPORT

For the Six Months Ended June 30, 1968

To the Shareholders

Plant construction at The Griffith Mine was completed early in the year and tune-up operations are now in progress. To the end of June 154,746 tons of high grade iron ore pellets have been shipped from the property, providing the Company with \$15,474.00 in royalty revenue. It is expected that the full production rate will be attained later in the year.

The Company's main activity during the six month period has been participation through Nakina Mines Limited in the exploration of Nakina's property in the Kapikotongwa Lake area of Ontario. The property was staked by a prospecting party which was jointly financed by Calmor Iron Bay Mines Limited, Lake-Osu Mines Limited and Uranium Ridge Mines Limited. Your Company received 212,500 shares of Nakina on the sale of the property to Nakina, and, to the end of June, has purchased a further 55,000 shares of Nakina to provide exploration funds.

During the winter months, lines were cut on the property and geophysical surveys were completed. Ten diamond drill holes have been completed for a total footage of about 3,500 feet. Occasional drill intersections have been near ore grade; however, it is apparent that results of the work do not warrant further expenditures at the present time.

A. C. MOSHER,
President.

August 12, 1968.



INTERIM STATEMENT OF INCOME

For the Six Months Ended June 30, 1968

| | 1968 | 1967 |
|---------------------------------------|-------------------|-----------------|
| Revenue: | | |
| Royalty revenue | \$ 15,475 | — |
| Interest income | — | 717 |
| | <u>15,475</u> | <u>717</u> |
| Expenses: | | |
| Exploration | 2,496 | 2,182 |
| Administrative and corporate | 13,891 | 14,171 |
| Amortization of mining property | 3,395 | — |
| | <u>19,782</u> | <u>16,353</u> |
| Net Loss | <u>\$ (4,307)</u> | <u>(15,636)</u> |

INTERIM STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Six Months Ended June 30, 1968

| | 1968 | 1967 |
|--|--------------------|---------------|
| Application of Funds: | | |
| Net loss for the period | \$ 4,307 | 15,636 |
| Deduct amortization of mining property | 3,395 | — |
| | <u>912</u> | <u>15,636</u> |
| Investment in shares of Nakina Mines Limited | 13,750 | — |
| Decrease in Working Capital | <u>14,662</u> | <u>15,636</u> |
| Working Capital (deficiency) at beginning of year | (444) | 29,059 |
| Working Capital (deficiency) at end of period | <u>\$ (15,106)</u> | <u>13,423</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the Six Months Ended June 30, 1968

NOTE 1 The Company's mining property is leased to The Steel Company of Canada, Limited until April 30, 2040. The Company is entitled to a royalty of 10¢ per ton of iron ore products shipped from the property.

NOTE 2 The aggregate remuneration paid to the directors and senior officers (as defined by the Corporations Act) totalled \$4,836.

CALMOR IRON BAY MINES LIMITED

NOTICE OF
ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an Annual and General Meeting of the Shareholders of CALMOR IRON BAY MINES LIMITED will be held at the Nova Scotia Room, The Royal York Hotel, Front Street, Toronto, Ontario, on Wednesday, the 6th day of March, 1968, at the hour of 10:00 o'clock in the forenoon (Toronto Time) for the following purposes:—

1. To consider and if deemed advisable to approve and confirm the execution by the Company of the Sale Agreement dated December 8, 1967 made between Nakina Mines Limited (Nakina) and the Company, Lake-Osu Mines Limited (Lake-Osu) and Uranium Ridge Mines Limited (Uranium Ridge). (See Information Circular accompanying this Notice for particulars of Agreement).
2. To consider and if deemed advisable to approve and confirm the execution by the Company of the Financing Agreement dated December 8, 1967 made between Nakina and the Company, Lake-Osu, Uranium Ridge, and Chimo Gold Mines Limited. (See Information Circular for particulars of Agreement).
3. To receive Reports (including Financial Statements), to elect Directors, to appoint Auditors and authorize the Directors to fix their remuneration, and to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

Copies of the aforesaid Agreements may be inspected at the office of the Company, at 1000, 11 King Street West, Toronto 1, Ontario, during normal business hours at any time before the Meeting.

The following directors of the Company, viz: N. S. Beaton, F. W. Graham, D. J. Hains and A. C. Mosher are interested in each of the two Agreements to be submitted to the Meeting for approval and confirmation in that they are directors and/or officers and/or shareholders of each of Nakina, Lake-Osu, Uranium Ridge and Chimo.

A copy of the Reports and Financial Statements to be submitted to said Meeting is forwarded herewith.

DATED at Toronto, Ontario, this 6th day of February, 1968.

By Order of the Board,

D. A. HUNTLEY,
Secretary.

NOTE: Shareholders who are unable to attend the Meeting in person are requested to sign and return the enclosed form of proxy.

CALMOR IRON BAY MINES LIMITED

INFORMATION CIRCULAR FOR Annual and General Meeting of Shareholders to be held March 6, 1968

This information circular accompanies Notice of the Annual and General Meeting of Shareholders of Calmor Iron Bay Mines Limited to be held March 6, 1968 and is furnished in connection with the solicitation by the Management of the Company of proxies for use at such Meeting. The costs of such solicitation of proxies will be borne by the Company. It is planned that the solicitation will be initially by mail but proxies may also be solicited by regular employees of the Company. A shareholder giving a proxy in the form enclosed with the Notice of Meeting has the power to revoke it at any time before it is exercised.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

2,560,005 shares without par value of the Company are outstanding, each of which entitles the holder to one vote at all meetings of shareholders.

Shareholders of record on March 6, 1968, the date of the Annual and General Meeting, are entitled to vote. Those shareholders desiring to be represented thereat by a nominee must deposit their proxies with the Company prior to the commencement of the meeting.

Chimo Gold Mines Limited owns beneficially 1,000,000 shares of the Company being approximately 39% of the shares of the Company outstanding.

ELECTION OF DIRECTORS

It is proposed to nominate the persons listed below as Directors of the Company, to serve until the next Annual Meeting of the Shareholders or until their successors are duly elected or appointed, unless any such person is not available to act as a Director, in which event a substitute may be nominated:—

| <u>Name of Nominee</u> | <u>Office with Company</u> | <u>Director Since</u> | <u>Principal Occupation and Prior Association</u> | <u>Number of Shares of the Company Beneficially Owned</u> |
|---------------------------|----------------------------|-----------------------|---|---|
| Neil S. Beaton | None | 1963 | Consulting Geologist | 4,000 |
| Forrest W. Graham | Vice-President | 1954 | Vice-President and Director of Bongard, Leslie & Co. Ltd | 203,960 |
| Donald J. Hains | None | 1963 | President of Lurgi Canada Ltd. since 1966 and President of Hains Engineering Company Limited since 1954 | 48,000 |
| William J. Hosking | None | 1954 | President of New Hosco Mines Limited | 2,500 |
| Alexander Clifford Mosher | President | 1954 | President of Chimo Gold Mines Limited | 35,000 |

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid by the Company to directors and senior officers of the Company at any time during the year ended December 31, 1967 was \$9,033.

APPOINTMENT OF AUDITORS

Proxies solicited by the Management will be voted in favour of the appointment of Riddell, Stead, Graham & Hutchison as Auditors of the Company.

PARTICIPATION IN PLAN FOR EXPLORATION OF THE MINING PROPERTY OF NAKINA MINES LIMITED

The company is participating in a Plan which has as its principal objective, the exploration and development through Nakina Mines Limited (Nakina) of a certain mining property located in the Kapi-kotongwa Lake Area in Northern Ontario, comprising 40 mining claims (the Property).

Pursuant to the Plan:—

1. The Company, which holds beneficially an undivided 28.33% interest in the Property, together with Lake-Osu Mines Limited (Lake-Osu) and Uranium Ridge Mines Limited (Uranium Ridge) which each also hold beneficially an undivided 28.33% interest therein, have under a Sale Agreement dated December 8, 1967, conveyed the Property to Nakina, a company incorporated for the purpose of acquiring the Property and for carrying out the exploration and development programme thereon. The remaining beneficial 15% interest in the Property is held as to an undivided 10% interest in the Property by Stanley C. Johnson, Prospector, and as to an undivided 5% interest in the Property by Carman Clifford Allen, Prospector (hereinafter together called the "Prospectors"). In consideration of the transfer to Nakina by the Company, Lake-Osu, Uranium Ridge and the Prospectors of their interests in the Property which were originally acquired under a grub-stake prospecting venture at a cost to the Company of \$2,469, the Company, Lake-Osu and Uranium Ridge will each receive 212,500 shares of Nakina and the Prospectors will receive 112,500 shares of Nakina. Of the shares of Nakina allotted and issued for the Property, 10% will be free and 90% will be held in escrow by D. A. Huntley as escrow agent, subject to release or transfer only with the consent of the Directors of Nakina and such regulatory authorities as have jurisdiction.

2. In order to finance the exploration and development programme of Nakina on the Property, the Company, Lake-Osu, Uranium Ridge and Chimo have entered into a Financing Agreement dated as of December 8, 1967 with Nakina whereby each of the Company, Lake-Osu and Uranium Ridge will underwrite 20,000 shares of Nakina at the price of 25¢ per share payable forthwith after the effective date of the Financing Agreement, and in consideration thereof, each of the Company, Lake-Osu and Uranium Ridge will receive an option to purchase a further 80,000 shares of Nakina at the price of 25¢ per share to be taken up on or before six months from the effective date of the Financing Agreement. In addition, each of the Company, Lake-Osu and Uranium Ridge will receive options to purchase a further 200,000 shares of Nakina at the price of 50¢ per share, to be taken up on or before 12 months from the effective date, a further 100,000 shares of Nakina at a price of \$1.00 per share to be taken up on or before 18 months from the effective date, and a further 237,500 shares of Nakina at the price of \$2.00 per share to be taken up on or before 24 months from the effective date. In consideration of Chimo purchasing shares of Lake-Osu and shares of Uranium Ridge to provide funds for Lake-Osu and Uranium Ridge to participate in the Plan, Nakina has granted to Chimo an option to purchase 237,500 shares of Nakina at the price of \$2.00 per share to be taken up on or before 24 months from the effective date. The effective date of the Financing Agreement shall be the date on which the shareholders of each of Uranium Ridge and Lake-Osu approve the Financing Agreement.

Each of the two above mentioned Agreements are being submitted to the shareholders since some of the directors of the Company have an interest in each of the Agreements. N. S. Beaton, F. W. Graham, D. J. Hains and A. C. Mosher, directors of the Company, are interested in each of the two Agreements as they are directors and/or officers and/or shareholders of each of Nakina, Uranium Ridge, Lake-Osu and Chimo.

OTHER BUSINESS

The Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the proxies will be voted on such matters in accordance with the best judgment of the person voting the proxy.

On behalf of the Board,

D. A. HUNTLEY,

Secretary.

February 1, 1968.

